

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: March 12, 2007

Subject: Integrated Alarm Services Group, Inc. (IASG/IQK) Pending Merger With Protection One, Inc. (PONN)

On Tuesday, March 27, 2007, the shareholders of Integrated Alarm Services Group, Inc. (IASG) will vote to approve the proposed merger with Protection One, Inc. (PONN). Pursuant to the merger terms each IASG share will be converted into the right to receive 0.29 PONN common shares. **The merger will become effective on a date to be announced in the 2nd quarter of 2007.**

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding IQK options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on a date to be announced
SYMBOL(s): IQK becomes IBJ
STRIKE PRICE: No Change
POS/EXERCISE LIMIT: No Change
MULTIPLIER: 100*(eg., Premium of 1.00 = \$100)
NEW DELIVERABLE: 1) 29 PONN common shares.

Integrated Alarm Services Group, Inc. (IASG/IQK) (Before - Date To Be Announced)					Integrated Alarm Services Group, Inc. (IASG/IBJ) (Beginning - Date To Be Announced) (See New Deliverable Above)				
100 shares IASG									
			Calls	Puts				Calls	Puts
IQK	APR	2 1/2	DZ	PZ	IBJ	APR	2 1/2	DZ	PZ
IQK	APR	5	DA	PA	IBJ	APR	5	DA	PA
IQK	APR	7 1/2	DU	PU	IBJ	APR	7 1/2	DU	PU
IQK	JUN	2 1/2	FZ	RZ	IBJ	JUN	2 1/2	FZ	RZ
IQK	JUN	5	FA	RA	IBJ	JUN	5	FA	RA
IQK	JUN	7 1/2	FU	RU	IBJ	JUN	7 1/2	FU	RU
IQK	SEP	2 1/2	IZ	UZ	IBJ	SEP	2 1/2	IZ	UZ
IQK	SEP	5	IA	UA	IBJ	SEP	5	IA	UA
IQK	SEP	7 1/2	IU	UU	IBJ	SEP	7 1/2	IU	UU

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to the Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.